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Statement

of

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Office of Thrift Supervision

at the

**FORUM ON COMMUNITY REINVESTMENT AND
ACCESS TO CREDIT: CALIFORNIA'S CHALLENGE**

Los Angeles, California

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Office of Thrift Supervision
Department of the Treasury

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that include all of these players appear to offer the greatest opportunities for pursuing viable community development programs.

We appreciate your focus, Congresswoman Waters, on building communities through the wider availability of financial services. You have been a longtime and tireless supporter of CRA as well as many other measures aimed at reinvigorating lower and moderate income communities and their local economies. Your work on such important programs as Youth Fair Chance, Youthbuild, Emergency Development Loan Guarantees, and Community Development Banks has had a tangible, positive impact both in South Central Los Angeles and communities throughout the nation. Your commitment to community development issues is legendary.

Today, I will discuss some of the actions the OTS and the institutions it regulates have taken to nurture solid, profitable, community-based lending. These actions include CRA commitments, but go beyond that. I will also explore the interplay between community-based lending and safety and soundness. First, though, let us look at the demographics of South Central Los Angeles and the role of financial institutions, particularly thrifts, in serving this unique community.

II. Demographic and Lending Patterns in South Central Los Angeles

A. South Central Los Angeles: Demographic Characteristics

In many ways, South Central Los Angeles is the perfect community in which to discuss the CRA. There is much wealth in the greater Los Angeles area, and it is not surprising that there are a multitude of mainstream financial institutions serving the residents of Westwood, Hancock Park and Beverly Hills.

It is here, though, in neighborhoods such as South Central Los Angeles, that an institution's CRA commitment is truly tested. Although, according to the 1990 census, South Central contains only about 6 percent of the population of greater Los Angeles, its racial, housing, and financial demographics present a serious challenge for institutions committed to nurturing local economic development.

In people terms, that 6 percent figure translates to nearly 511,000 men, women and children.¹ Ninety-nine percent of those people are either Black or Hispanic, with Blacks making up 49 percent of the population and Hispanics 49 percent. The other 1 percent of the community consists of a mix of Asian/Pacific Islanders, Whites and other racial groups. This racial mix differs substantially from the general Los Angeles area. In Los Angeles County, 41 percent of the population is White, 37 percent Hispanic and 11 percent Black.

As I noted, these figures come from the 1990 census and therefore are somewhat outdated. Some more recent data suggest that Hispanics make up an even larger portion of South Central Los Angeles' population than they did eight years ago.

Only 35 percent of South Central's population lives in owner-occupied housing. For Los Angeles County, the figure is closer to 50 percent. This number presents a special challenges for thrifts, which traditionally have focused on single-family residential mortgage loans.

In addition, according to 1996 HUD family income data, 52 percent of the households in South Central are considered low income, and another 40

¹ The data discussed in this section can be found at the attached Appendix. The definition of South Central Los Angeles used in this analysis is based on the ZIP codes provided by Congresswoman Waters' staff. Those ZIP codes are: 90001, 90002, 90003, 90011, 90037, 90044, 90047, 90059, 90061 and 90062.

percent are considered moderate income. Family income is defined as “low” if it is less than 50 percent of the median family income for the area, and as “moderate” if it is less than 80 percent of the median for the area. The median family income for the Los Angeles Metropolitan Statistical Area in 1996 was \$47,800. Thirty percent of all households in South Central are below the poverty level.

B. Thrifts in South Central Los Angeles

Given the high concentrations of renters and low- and moderate-income households in South Central, the challenge for local housing lenders is to provide credit services that allow people to live in safe, decent, affordable multifamily dwellings, as well as to borrowers who want to buy single-family homes. A number of institutions are showing that it can be done, and many of those institutions are thrifts.

There are at least seven depository institutions, with twelve branches, located in the South Central Los Angeles area.² Four of those institutions are thrifts, each with a branch in South Central. Of the seven institutions in South Central, two are community-based minority-owned institutions, one of which is regulated by the OTS. Another OTS-regulated minority-owned institution is located close-by and also serves the area.

Thrifts are well-represented in South Central. Their physical presence indicates a commitment to the local community. But, as with so many things, a

² A list of the branches in South Central is included in the Appendix. The list is based on ZIP codes and not census tracts, which do not always correspond. As a result, this list may include branches that are not in the census tracts contained in some definitions of South Central Los Angeles.

mere presence is not enough—it is what one does with that presence that counts. And I am pleased to note that thrifts are doing quite a bit in South Central.

C. Thrift Mortgage Lending in South Central Los Angeles

Thrift home mortgage lending in South Central can be determined by looking at Home Mortgage Disclosure Act (“HMDA”) reports. HMDA reports distinguish between mortgages for home purchase and those for refinancing existing mortgages. Because mortgages made for home purchase represent a new extension of credit, I will focus on that segment of the mortgage market. Within home purchase mortgages, HMDA reports further distinguish between government-backed home mortgages (primarily FHA and VA loans) and conventional home mortgages.

Government-backed mortgages are the most popular type of mortgage originated in South Central Los Angeles. In 1996, 65.3 percent of home purchase mortgages originated on properties in South Central were government-backed. Thrifts’ share of government-backed originations was 3.3 percent.

However, when the data for conventional mortgage lending are reviewed, the important role thrifts play in South Central becomes evident. Thrifts originated 50.3 percent of all conventional mortgages in South Central in 1996. This is a higher percentage than their conventional lending in the greater Los Angeles area, where thrifts originated 35.5 percent of the conventional home mortgages.

Thrifts also originated a higher percentage of all types of mortgages to minorities in South Central than the overall average in that area. Minorities received 88 percent of thrift originations; the percentage of mortgages going to

minorities from other lenders was 80 percent. Of the 88 percent of thrift originations in South Central that went to minority borrowers, 44 percent were to Black borrowers and 55 percent to Hispanic borrowers.

Of the thrift mortgages, 38.5 percent went to low- and moderate-income borrowers (i.e., those with less than 80 percent of the median family income in the Los Angeles Metropolitan Statistical Area). Middle-income borrowers (i.e., those with between 80 percent and 119 percent of the median family income for the area) received 31.6 percent of thrift mortgages, so that fully 70 percent of thrift originations went to low-, moderate-, and middle-income borrowers. The overall rate for all mortgage types and all lenders in the area for low-, moderate- and middle-income families was 72 percent.

Thrifts also do a substantial amount of the multifamily mortgage lending in South Central. In 1996, thrifts originated 35 percent of the multifamily mortgages in the area. As these numbers show, although thrifts represent only a small portion of the more than 250 entities making loans in South Central,³ they maintain a significant lending presence in this market.

III. The Critical Importance of Partnerships and Collaborative Efforts

In celebrating the twentieth anniversary of the CRA, it is important not only to recognize the progress made toward meeting community credit needs, but also the means by which those accomplishments have been achieved. The

³ As detailed in the Appendix, based on 1996 HMDA Peer data for the Western Region, 257 entities made loans in South Central in 1996 in South Central Los Angeles, based on the ZIP codes provided by Congresswoman Waters' staff. Those ZIP codes are: 90001, 90002, 90003, 90011, 90037, 90044, 90047, 90059, 90061 and 90062.

efforts and methods that have proven successful to date can teach us how to be more effective in the future.

Financial institutions and the communities they serve must depend on each other to thrive, as well as to effect meaningful change. If disconnected from their communities, financial institutions will inevitably find themselves with no community to serve. More importantly, if individuals become disconnected from access to basic financial services, their access to many other basic services is substantially diminished.

History teaches us that the key to sustained community revitalization is to build upon the natural and necessary interdependency of all elements in our communities: financial institutions, businesses, medical and social service providers, federal, state and local governments, schools, churches and citizen-support groups. Partnerships that include all of these elements have the power to revitalize neighborhoods and stimulate job creation, economic and business development, and improvements in infrastructure and support services. All of us, not just banks and thrifts, must rededicate ourselves—each using our own particular strengths—to reinvest in our communities.

Thrifts have long been providers of housing loans, including loans for affordable owner-occupied and rental housing. In 1996, Congress expanded thrifts' authority to make small business loans. This expanded authority permits thrifts to have an increasing impact in their communities by being able to respond to a wider range of credit needs.

But with that new authority comes new responsibility. Thrifts must use their new lending authority safely, soundly and wisely. Strategic alliances and partnerships involving thrifts can help assure that the thrift industry's new credit

resources are exercised effectively to realize meaningful advances throughout our communities. By using their lending powers in partnership with local residents and community-based organizations, thrifts can participate in and be catalysts of successful community development efforts.

There are numerous examples of thrifts making significant contributions to local community development organizations right here in Los Angeles. Three large California thrifts, Fidelity Federal, Hawthorne and Home Savings, along with several other financial institutions, have invested in the Operation Hope Banking Center. The Operation Hope Banking Center provides education in the areas of finance, credit, real estate and business development and ownership; computer training for the Internet, on-line banking and on-line bill payment; access to consumer loan products; ATM access; and technical assistance for small businesses.

Home Savings, along with another California thrift, Glendale Federal, have also invested and lent money to the California Economic Development Lending Initiative ("CEDLI"). CEDLI is a community development corporation financed by multiple financial institutions, and is designed to create jobs by providing financing to support small business and community economic development activities that fall outside normal bank lending practices. The contributing institutions created a \$100 million loan pool to fund three loan programs: direct real estate lending, loans to lenders, and co-lending for small businesses.

Home Savings, Glendale Federal, Coast Federal and California Federal have also invested in the Clearinghouse Community Development Financial Institution, which makes direct loans for affordable housing and community development credit needs throughout Southern California. Another California

thrift, Girard Savings, has recently agreed to form a partnership with the city of Los Angeles to fund the rehabilitation and operation of an old movie house in South Central that the city hopes to develop as a central location that will spur development of the surrounding area.

In addition, Coast Federal has created a Homebuyer Education Program to provide consumers with the basic knowledge of the home-buying and financing process. The program consists of a free 25-minute video and accompanying written guide, available in both English and Spanish. The program is available to first-time home buyers throughout California, including Los Angeles County where Coast Federal has its largest single-family loan market. Coast Federal recently received a Bank Enterprise Award grant for providing loans, grants and technical assistance to the Orange County Community Development Clearinghouse and the Los Angeles Neighborhood Housing Service.

Another good example of thrift participation in local community development is the efforts of Broadway, an institution with a prominent presence right here in South Central. Broadway, along with several other California-based thrifts, helped establish the Family Housing Fund, which is a first and second mortgage loan participation product developed by the Inglewood Neighborhood Housing Service. Broadway is also a participating lender in the program, which provides a streamlined procedure for financing home purchases by helping first-time buyers with down payments and closing costs. For their good work, Broadway and the Inglewood NHS received the 1997 Social Compact Community Investment Award.

The experience of another local thrift shows that these partnerships need not be one-sided. That thrift was the beneficiary of capital infusions from local

businesses active in the community, including an infusion from another California thrift that actually competes in the same market as the beneficiary thrift. Such support shows that not only can an institution serve its community, but that the community in turn appreciates and supports the efforts of community-based, community-focused financial services providers.

Several of the institutions mentioned have applications pending before us that have been opposed by some community groups. We intend to review those protests fairly and objectively. Regardless of the outcome of any pending applications, however, we should give credit where credit is due. All of the examples I have noted today are praiseworthy in their own right.

“CRA commitments” are another example of banks and thrifts engaging with community groups to help meet community credit needs. CRA commitments usually take the form of public corporate pledges to engage in a particular level of business in designated neighborhoods or with certain disadvantaged segments of an institution’s market. The aggregate national level of these commitments made in the past several years is in the billions of dollars. Several of the institutions participating in today’s forum have entered into these CRA commitments.

CRA commitments are privately developed projections for credit programs that respond to expressions of community needs voiced by diverse groups of interested citizens or local government bodies. These commitments are entirely voluntary, are not negotiated by or on behalf of the OTS or any other federal banking agency, and are not submitted to the OTS or any other regulator for analysis or approval. The emphasis for meeting the commitments is on the parties that devise them. This promotes a continuing dialogue and

encourages flexibility in dealing with community changes that occur as the period for performance under the commitment progresses.

In accordance with the CRA, the OTS application process takes into account the established record of institutions for meeting the credit needs of their communities. Public lending commitments may serve as positive indicators of institutional initiative, cooperation and responsiveness to be weighed in appropriate balance with the past performance of the institution in lending, investing and delivering services throughout its entire community. Where an explicit lending commitment is incorporated into an applicant's business plan, the OTS accords it the same level of reliance as it would the most basic business projections. That is to say, we expect a good faith effort to meet the plan's commitments, taking into account the changing economic context over the life of the business plan.

Ultimately, the impact of CRA commitments on a thrift's community is registered in the overall performance of that institution as evaluated by the OTS in the course of an examination. Our examiners review the institution's entire record of helping to meet the credit needs of its community. In doing so, they assess the levels of lending actually accomplished by the institution throughout its markets, with particular emphasis on low- and moderate-income neighborhoods or individuals served. While overall CRA performance is not measured against the private CRA commitments per se, the examiner counts lending pursuant to a commitment against the appropriate performance criteria contained in the CRA regulations.

Where a thrift and community representatives agree that an explicit CRA commitment should be used as the proper measure of future CRA performance, the new CRA regulation affords those parties a process to accomplish that

agreement—the strategic plan option. This option ensures a role for the public and the agency in previewing the adequacy of a privately negotiated undertaking that is substituted for the otherwise uniform standards for evaluating the institution and its peers.

IV. OTS Initiatives to Promote Community-Based Lending

The OTS has a strong commitment to fostering innovative banking activities that promote lending and other services in underserved markets. We have undertaken a number of initiatives to facilitate safe and sound lending and investments in areas of greatest need.

In 1994, in response to numerous inquiries about the authority of federal thrifts to engage in various community development related activities, the OTS published a Community Development Investment Authority handbook. The handbook provides detailed guidance to the thrift industry about the types of community development related lending and investment activities that thrifts may pursue. We are presently revising the handbook to incorporate recent regulatory changes.

During the past three years the OTS has issued interpretive guidance and modified existing regulations specifically for the purpose of helping to expand and clarify thrifts' lending and investment authority to promote safe and sound business in underserved markets. For example:

- The OTS Chief Counsel issued interpretive guidance regarding a thrift's ability to make equity investments in real estate for community development purposes under Section 5(c)(3)(B) of the Home Owner's Loan Act. This guidance has enabled thrifts to make both direct equity investments in

residential real estate for low- and moderate-income individuals and indirect investments in such real estate via low income housing tax credits. Under this authority, thrifts are also able to make economic development investments (e.g., in infrastructure businesses, such as supermarkets) in under-served communities.

- The OTS issued guidance to enable thrifts to purchase securities issued by the Neighborhood Housing Services of America (“NHSA”). By purchasing loans and selling loan securities to social investors, NHSA acts as a secondary market for local Neighborhood Housing Services organizations across the country. These organizations originate low-interest residential loans to low-income individuals and for low-income multifamily housing. Several of our thrifts are actively involved with assisting the work of NHSA through the purchase of NHSA mortgage-backed securities and the provision of technical assistance.
- The OTS issued new regulations governing pass-through investments and investments in subordinate organizations. These new regulations also address a number of regulatory impediments to engaging in certain community development activities. For example, the regulations specifically authorize investments in federally designated CDFIs, and make it easier for thrifts to make equity investments in other kinds of subordinate organizations such as CDCs. The regulations also include a de minimus investment authority to enable thrifts to make limited community development investments of the type permitted for a national bank under 12 CFR Part 24.
- In 1996, Congress authorized certain statutory changes to enhance the lending flexibility of thrifts. Thrifts now can originate credit card and

educational loans without restriction. In addition, federal thrifts are authorized to invest up to 20 percent of their assets in loans to small businesses and farms. We have encouraged thrifts to utilize this increased small business lending authority and have conducted industry training sessions in this area in each of our five regions.

This guidance is intended to facilitate the types of lending and services that, under the CRA regulations, institutions are encouraged to provide. In the regulations, which were recently updated, thrifts may be evaluated on the extent to which their lending, investments and services benefit low- and moderate-income areas and individuals, and on their “use of innovative or flexible lending practices to address the credit needs of low- or moderate-income individuals or geographies.” The latter performance criteria are designed specifically to encourage thrifts to explore new and creative ways to meet community credit needs—efforts that we encourage at the OTS. We also inform Congress, where appropriate, of ways in which federal law can be updated to allow additional flexibility to institutions for their community development activities and in meeting the CRA’s objectives.

The OTS has also established a Community Affairs Program with Community Affairs representatives in each of our regional offices and in Washington, D.C. The primary objective of the program is to promote sound community development activities at the local level and to facilitate thrifts’ efforts in that regard. We provide educational and technical assistance to the industry and staff on community development issues and opportunities. In addition, we act as an intermediary between the industry, community groups, government officials and others.

Our Community Affairs staff spends considerable time working one-on-one with institutions and community groups in various underserved locales to address particular credit needs or investment problems. Much of the work with institutions is intended to encourage them to form partnerships with community representatives, and to find innovative solutions that are within their regulatory authority. Indeed, many of the specific partnerships I have already mentioned, which have resulted in the investment of millions of dollars in local community development organizations, are due in part to the ongoing support and participation of the regulators at various seminars and workshops.

In connection with the agency's Minority-Owned Institutions Program, we work to help preserve and promote minority-owned institutions, most of which serve lower income, minority communities. Because of the unique relationships that many minority-owned thrifts have with their communities, we believe that the institutions can play an integral role in the economic revitalization of those communities.

As part of our program, we meet regularly with institutions; provide them with one-on-one technical assistance and training; work with institutions to attract new capital; provide training for boards of directors; and provide training in various other forums such as the annual conference sponsored by the American League of Financial Institutions. We have worked closely with both of the minority-owned thrifts that serve South Central Los Angeles. In another region we developed a pilot mentoring program where larger thrifts provide assistance (in the form of joint ventures, loan purchases, training, etc.) to smaller, minority-owned institutions in their markets.

The OTS is committed to working closely with the thrift industry to do what is necessary from a regulatory standpoint to enable thrifts to actively, and safely and soundly, engage in community development activities in underserved communities.

V. Safe and Sound Credit Availability

The CRA's success depends on institutions making good, solid loans and investments in their communities. No one—not an institution, a community, nor an individual borrower—is served by a poorly underwritten loan. Moreover, encouraging institutions to make poor lending decisions simply to fulfill their CRA obligations runs counter to the purpose of the law.

An institution's CRA obligation to its community must be met using prudent business practices. The CRA and its implementing regulations explicitly emphasize the importance of safe and sound lending. At the same time, institutions are encouraged to be innovative in creating products responsive to the various needs of a diverse customer base.

Experience clearly shows that lending to low- and moderate-income households and small businesses, when done properly, is good business for both the institution and the community. Frequently, loans are made to school teachers, shop owners, local municipal workers, and retirees who are the fabric of the community. It makes sense to encourage creative ways to meet the needs of these individuals to help develop a strong community.

To ensure that institutions have the support they need to exercise this creativity, the OTS has helped reduce the barriers to lending in low- and moderate-income areas. For instance, in the early 1990s the agency heard

several anecdotal tales that safety and soundness examiners were criticizing lending programs that had favorably impressed CRA examiners. After careful study, we ascertained that these stories typically related to a particular loan where the safety and soundness examiners had a specific issue with the loan's underwriting or other aspects of the financing arrangement, not with the programs themselves. Nonetheless, we were concerned about the potential for conflicts between compliance and safety and soundness examinations.

In response, the OTS developed an Affordable Housing course for our safety and soundness examination staff. This training gives our examiners a flavor of the breadth and variety of lending structures and financing sources that are required to make a safe and sound affordable housing loan. The class uses case studies and outside experts to emphasize the unique underwriting issues that are involved in affordable home lending and identifies the approaches to managing risks and controlling transactions costs. To date, over 70 percent of our safety and soundness and compliance examiners have been trained in affordable housing lending. In the West Region, which includes Southern California, over 75 percent of our compliance examiners are seasoned safety and soundness examiners, enabling them to appropriately consider safety and soundness issues when performing a CRA examination.

We have also sent our Community Affairs staff through a rigorous certification program to become Housing and Finance Development Professionals. This program, sponsored by the National Development Council, provides training in finance as it relates to affordable housing development. We believe that this kind of knowledge helps our Community Affairs staff more effectively communicate the necessary elements of good lending projects to community representatives and to our examiners. We are also sending several

safety and soundness examiners through this certification process so that each of our regions expands its expertise in this area.

In 1997, the OTS held five nationwide Small Business Lending Seminars to assist thrifts in understanding the expanded small business lending authority granted to them in the Economic Growth and Regulatory Paperwork Act of 1996. The prospect of having thrifts become more active in small business lending adds a new and exciting dimension to the array of CRA activities available to the industry. We are very aware, however, that we must be proactive in helping thrifts develop the necessary expertise to succeed in this endeavor. Our seminars help ensure that thrifts interested in small business lending, or in expanding their existing programs, do so prudently. The seminars provide an overview of small business lending, discuss management considerations for entering the market, and disseminate information regarding the resources available to institutions that choose to lend to small businesses.

Finally, I would like to emphasize that every CRA performance evaluation by the OTS takes into account the characteristics of the institution under examination and the community(ies) that the institution serves. Our examiners have been given new tools to assist them in their evaluations, including computers, data analysis software, and access to a number of new data bases. The examination procedures place great importance on understanding economic conditions, population trends, and demographic characteristics of a community before arriving at conclusions about an institution's performance. Examiners also take time as part of CRA examinations to contact representatives of the community to discuss its dynamics and identify its credit needs. These community contacts are an invaluable source of information in our effort to familiarize ourselves with the communities where our institutions do business.

VI. Conclusion

We are proud of the role that thrifts have played in community development. In many ways, providing the means for low- and moderate-income residents of a community to own their own homes is classic community development lending. When people have a stake in their communities, they are more determined to serve the community and make it a better place to live. Thrifts' traditional focus on home lending has kept them close to their local communities and the individuals who live and work there. The simple fact is that millions of consumers and businesses prefer to do business with a local institution that they know and that knows them.

An integral part of our administration of the CRA is soliciting the views of those who are most deeply affected by the credit decisions that lending institutions make every day. Forums such as this provide an excellent opportunity for us to gauge the effectiveness of our efforts in the local communities that the CRA was enacted to serve. I can personally assure you that we are committed to the CRA and the goals and values it is intended to promote. We will do everything in our power to ensure that institutions meet their CRA obligations in a safe and sound manner that will enable them to continue to serve their communities.

Appendix

The definition of South Central Los Angeles used in this analysis is based on the ten zip codes provided by Congresswoman Water's staff. The zip codes include: 90001, 90002, 90003, 90011, 90037, 90044, 90047, 90059, 90061, and 90062.

Demographic Data

Data Source: 1990 US Census (STF3)

Areaname: South Central

Year

1997

Filter All

Race/Ethnic Origin	Count	%	Hispanic	%	Other Population Info	Count	%
Amer Ind /Esk/Alskn	627	0%	576	0%	Persons In Institutions	2,769	1%
Asian/Pacific Isld	3,294	1%	1,136	0%	Unemployed Labor	30,943	6%
Black	250,568	49%	11,970	5%	Civilians not in work force	149,224	29%
White	5,067	1%	52,214	21%	Persons 16 & older	340,375	67%
Other Race	1,634	0%	184,292	74%	Persons Over 65	37,773	7%
Hispanic	250,188	49%					
Total Persons	511,378	100%			Total Families	105,554	
Minority	506,311	99%			Total Households	137,339	

Housing Type	Count	%	Other Housing Information		
Owner Occupied Units	52,116	35%	Number of Housing Units Where	Count	% of Total Housing
Rental Occupied Units	85,173	58%			
Total Rental Units	89,968	61%	Monthly Owner Costs > 30% of Income	15,822	10%
Total Condo Units	2,509	1%	Monthly Rental Costs > 30% of Income	30,338	20%
1-4 Family Units	119,557	81%			
Multifamily Units	24,410	16%	Weighted Avg Monthly Gross Rent		\$486
Mobile Homes or Trailers	489	0%	Weighted Avg of Median Year Built		1951
Boarded Up Units	752	0%	Weighted Avg of Median Housing		\$106,237
Occupied Housing Units	137,289	93%			
Vacant Housing Units	8,912	6%			
Total Housing Units	146,201				

Tract Characteristics	Count	%	Households	%	Total Rental	%
Low	52	53%	71,582	52%	53,357	59%
Mod	39	40%	55,154	40%	33,039	37%
Middle	6	6%	9,604	7%	3,414	4%
Upper	1	1%	999	1%	158	0%
NA	0	0%	0	0%	0	0%

Number of Households		%	Income Data	Amount
Wage/Salary	94,995	69%	Weighted Avg of Median Family Income of Tracts/BNAs	\$21,059
Self Employed (Non Farm)	8,836	6%	Weighted Avg of Median Household Income of Tracts/BNAs	\$19,326
Self Employed (Farm)	468	0%	Weighted Average of MSA/Non-MSA's Census Median Family Income	\$39,035
Social Security	31,446	22%	Weighted Average of MSA/Non-MSA's Updated Median Family Income	\$47,800
Public Assistance	37,582	27%		
Retirement	16,275	11%		
Below Poverty Level	41,809	30%		
Non English Speaking	96,721	70%		

Branch Offices Located in South Central Los Angeles

The following list is as of June 1997. It is based on ZIP codes and not census tracks. ZIP codes and census tracks do not always correspond exactly. As a result, it may contain branches that are not in the census tracks contained in South Central Los Angeles. Institutions in **bold print** are OTS regulated. There are 8 bank branches and 4 thrift branches. There are two minority owned institutions, one OTS regulated (indicated by an *), one OCC regulated, (indicated by **).

Docket	Full Name	Address	Zip
	Bank of America National Trust and Savings Association	10340 South Central Avenue	90002
	Bank of America National Trust and Savings Association	4103 South Western Avenue	90062
	Bank of America National Trust and Savings Association	5700 South Vermont Avenue	90037
	Bank of America National Trust and Savings Association	6400 South Avalon Boulevard	90003
	Bank of America National Trust and Savings Association	8564 South Broadway	90003
	Bank of America National Trust and Savings Association	8701 South Western Avenue	90047
	Wells Fargo Bank, National Association	1144 East Florence Avenue	90001
	6892 Home Savings of America, FSB	5717 South Vermont	90037
	3742 Great Western Bank, A FSB	1027 W. Manchester Ave.	90044
	5099 California Federal Bank, A FSB	1601 E. 103rd St.	90002
	5141 Broadway Federal Bank, F. S. B.*	4429 S. Broadway	90037
	14234 Founders National Bank **	4277 South Western Avenue	90062

Summary Report Based on Action Taken

Source: 1996 HMDA Peer : Western Region

All Applications

Assessment Area: STATE[06 CA] MSA[4480 Los Angeles--Long Beach, CA] COUNTY[037 Los Angeles]

Lenders: All

Summary Report	Total Applications (1)			Originated (2)			Approved Not Accepted			Denied (3)			Withdrawn/Incomplete		
	Count	%	\$000's	Count	%	\$000's	Count	%	\$000's	Count	%	\$000's	Count	%	\$000's
Loan Purpose															
Conv't Home Purchase	129,378	32.0	25,611,000	61,558	36.8	11,759,957	8,278	32.4	1,863,424	19,565	15.1	3,828,632	14,583	26.9	2,906,128
Gov't Home Purchase	52,986	13.1	6,624,420	22,476	13.4	2,851,871	848	3.3	109,111	2,874	5.4	349,689	3,594	6.6	432,309
Refinance	166,842	41.2	28,920,612	62,249	37.2	10,428,839	13,523	52.9	2,485,740	40,326	24.2	7,048,673	27,214	50.3	4,398,916
Multifamily	4,860	1.2	2,843,302	2,560	1.5	1,391,560	151	0.6	88,529	449	9.2	374,815	532	1.0	360,434
Home Improvement	50,775	12.5	1,429,657	18,557	11.1	557,788	2,758	10.8	69,254	19,624	38.6	519,587	8,215	15.2	236,294
Applicant Race															
Amer Ind/Alaskan	1,401	0.3	209,940	675	0.4	100,603	104	0.4	19,326	289	20.6	43,843	238	0.4	32,857
Asian/Pacific Islander	34,729	8.6	5,803,942	17,275	10.3	2,852,819	2,361	9.2	451,251	6,512	18.8	1,108,936	4,483	8.3	765,456
Black	31,430	7.8	3,741,806	13,449	8.0	1,531,327	2,253	8.8	288,770	7,709	24.5	967,311	5,128	9.5	603,317
Hispanic	86,488	21.4	10,074,304	39,667	23.7	4,597,394	4,346	17.0	530,565	17,752	20.5	1,958,093	11,264	20.8	1,307,143
Race Not Available	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0
Other	6,964	1.7	1,106,955	2,824	1.7	414,385	666	2.6	120,740	1,909	27.4	313,818	1,044	1.9	178,524
Minority	161,012	39.8	20,936,947	73,890	44.1	9,496,528	9,730	38.1	1,410,652	34,171	21.2	4,392,001	22,157	40.9	2,887,297
White	146,899	36.3	28,772,078	76,218	45.5	14,686,924	11,133	43.6	2,545,434	28,261	19.2	5,796,233	19,676	36.3	3,895,291
No Info	96,930	23.9	15,719,966	17,292	10.3	2,806,563	4,695	18.4	659,972	20,406	21.1	1,933,162	12,305	22.7	1,551,493
Applicant Income															
<50% of MSA Median	16,048	4.0	1,075,743	6,185	3.7	393,269	983	3.8	64,339	5,500	34.3	378,122	2,572	4.8	185,142
50-79% of MSA Median	45,226	11.2	3,831,361	20,094	12.0	1,711,146	2,875	11.2	245,705	11,789	26.1	962,834	6,581	12.2	552,640
80-119% of MSA Median	88,343	21.8	9,346,673	42,815	25.6	4,576,963	5,372	21.0	591,156	19,010	21.5	1,843,763	12,031	22.2	1,230,559
>=120% of MSA Median	176,310	43.6	35,592,882	86,572	51.7	17,533,950	13,592	53.2	3,215,787	37,002	21.0	7,445,364	25,711	47.5	5,059,710
Income Not Available	78,914	19.5	15,582,332	11,734	7.0	2,774,687	2,736	10.7	499,071	9,537	12.1	1,491,313	7,243	13.4	1,306,030
Census Tract															
Substantially Minority	175,832	43.4	19,806,213	68,005	40.6	7,761,750	10,392	40.7	1,187,390	39,743	22.6	3,920,067	24,573	45.4	2,673,723
Not Substantially Minority	225,483	55.7	45,248,088	98,253	58.7	19,117,056	14,947	58.5	3,403,373	42,337	18.8	8,130,261	28,557	52.7	5,535,765
Low Income	15,306	3.8	1,687,155	5,643	3.4	664,127	930	3.6	95,456	3,514	23.0	327,376	2,235	4.1	232,127
Moderate Income	65,261	16.1	7,213,092	24,689	14.7	2,780,179	3,861	15.1	426,331	15,363	23.5	1,493,566	9,161	16.9	986,839
Middle Income	130,805	32.3	15,262,399	53,375	31.9	6,264,808	7,443	29.1	883,164	27,241	20.8	2,814,520	17,541	32.4	1,973,046
Upper Income	189,893	46.9	40,885,967	82,530	49.3	17,167,196	13,100	51.3	3,185,162	35,949	18.9	7,413,697	24,189	44.7	5,017,072
NA	3,576	0.9	380,378	1,163	0.7	113,705	224	0.9	25,945	771	21.6	72,237	1,012	1.9	124,997
Lo/Mod and/or Sbstnly	178,296	44.0	20,192,922	68,952	41.2	7,916,006	10,561	41.3	1,218,771	40,385	22.7	4,012,696	24,890	46.0	2,717,580
All Other Census Tracts	226,545	56.0	45,236,069	98,448	58.8	19,074,009	14,997	58.7	3,397,287	42,453	18.7	8,108,700	29,248	54.0	5,616,501
Applicant Sex															
Male	93,829	23.2	14,212,426	39,155	23.4	5,995,961	5,870	23.0	1,047,629	19,634	20.9	3,026,119	14,406	26.6	2,152,736
Female	65,191	16.1	8,443,660	30,166	18.0	3,894,893	4,713	18.4	690,284	14,400	22.1	1,842,306	9,376	17.7	1,210,097
Joint	177,762	43.9	30,263,995	90,131	53.8	15,425,575	12,076	47.2	2,473,776	36,682	20.6	6,122,017	25,415	46.9	4,188,117
NA	68,059	16.8	12,508,910	7,948	4.7	1,673,584	2,899	11.3	404,369	12,122	17.8	1,130,954	4,741	8.8	783,131
TOTAL	404,841	100.0	65,428,991	167,400	100.0	26,990,015	25,558	100.0	4,616,058	82,838	20.5	12,121,396	54,138	100	8,334,081

(1) Percent of Total Number of Applications

(2) Percent of Total Number of Originations

(3) Number of Denied Applications as a Percent of Number of Applications for line item.

Summary Report Based on Action Taken

Source: 1996 HMDA Peer : Western Region

All Applications

Assessment Area: STATE[06 CA] MSA[4480 Los Angeles-Long Beach, CA] COUNTY[037 Los Angeles]

Lenders: All Agency: OTS

Summary Report	Total Applications(1)			Originated (2)			Approved Not Accepted			Denied(3)			Withdrawn/Incomplete		
	Count	%	\$000's	Count	%	\$000's	Count	%	\$000's	Count	%	\$000's	Count	%	\$000's
Loan Purpose															
Conv. Home Purchase	42,187	46.5	8,392,915	21,779	52.1	4,217,179	2,886	48.1	726,002	6,795	16.1	1,354,546	3,739	43.3	812,685
Govt. Home Purchase	2,966	3.3	357,678	1,136	2.7	144,927	38	0.6	5,061	282	9.5	31,674	250	2.9	32,385
Refinance	39,060	43.1	7,863,786	16,257	38.9	3,108,112	2,813	46.9	582,212	10,803	27.7	2,384,724	4,132	47.8	885,958
Multifamily	3,576	3.9	2,165,008	1,926	4.6	1,052,283	94	1.6	60,468	293	8.2	314,925	270	3.1	193,769
Home Improvement	2,925	3.2	152,168	729	1.7	45,086	165	2.8	9,084	1,210	41.4	63,946	253	2.9	20,954
Applicant Race															
Amer Ind/Alaskan	228	0.3	44,257	127	0.3	25,904	14	0.2	2,346	60	26.3	10,614	23	0.3	4,431
Asian/Pacific Islander	8,736	9.6	1,820,637	5,160	12.3	1,044,244	737	12.3	155,665	1,877	21.5	413,403	876	10.1	186,117
Black	5,418	6.0	769,768	2,511	6.0	335,309	334	5.6	49,208	1,886	34.8	287,874	637	7.4	86,726
Hispanic	16,195	17.9	2,114,256	8,141	19.5	1,030,016	932	15.5	117,002	5,069	31.3	691,086	1,929	22.3	255,706
Race Not Available	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0
Other	1,207	1.3	268,981	563	1.3	119,859	95	1.6	21,422	370	30.7	84,159	158	1.8	34,802
Minority	31,784	35.0	5,017,899	16,502	39.5	2,555,332	2,112	35.2	347,643	9,262	29.1	1,487,136	3,623	41.9	567,782
White	39,624	43.7	9,476,881	22,591	54.0	5,042,723	3,430	57.2	902,952	8,843	22.3	2,269,756	4,014	46.4	1,047,785
No Info	19,306	21.3	4,436,775	2,734	6.5	969,532	454	7.6	132,232	1,278	6.6	392,923	1,007	11.6	330,184
Applicant Income															
<50% of MSA Median	3,181	3.5	243,067	1,456	3.5	89,713	163	2.7	10,104	1,104	34.7	108,043	432	5.0	33,821
50-79% of MSA Median	8,582	9.5	817,193	4,395	10.5	388,619	543	9.1	46,470	2,626	30.6	281,208	957	11.1	94,973
80-119% of MSA Median	16,184	17.8	2,004,943	8,785	21.0	1,052,454	1,169	19.5	139,879	4,404	27.2	584,774	1,724	19.9	215,145
>=120% of MSA Median	44,442	49.0	11,186,846	24,299	58.1	5,750,955	3,886	64.8	1,099,594	10,542	23.7	2,777,873	4,891	56.6	1,310,173
Income Not Available	18,325	20.2	4,679,506	2,892	6.9	1,285,846	235	3.9	86,780	707	3.9	397,917	640	7.4	291,639
Census Tract															
Substantially Minority	33,409	36.8	4,675,395	14,343	34.3	1,997,252	1,749	29.2	228,089	8,360	25.0	1,168,788	3,307	38.3	468,036
Not Substantially Minority	57,289	63.2	14,251,662	27,478	65.7	6,568,784	4,246	70.8	1,154,645	11,019	19.2	2,979,945	5,335	61.7	1,476,931
Low Income	2,722	3.0	388,286	1,140	2.7	180,209	123	2.1	13,075	706	25.9	100,402	337	3.9	37,295
Modest Income	12,883	14.2	1,794,564	5,478	13.1	767,068	630	10.5	80,758	3,489	27.1	467,652	1,264	14.6	179,645
Middle Income	26,186	28.9	4,055,562	11,758	28.1	1,782,388	1,459	24.3	213,276	5,787	22.1	940,427	2,458	28.4	393,292
Upper Income	48,906	53.9	12,688,314	23,444	56.0	5,836,040	3,783	63.1	1,075,625	9,397	19.2	2,640,252	4,583	53.0	1,334,735
NA	17	0.0	4,829	7	0.0	1,882	1	0.0	93	4	23.5	1,082	2	0.0	784
Lo/Mod and/or Sbstntly	34,068	37.6	4,811,768	14,663	35.1	2,059,432	1,789	29.8	237,911	8,506	25.0	1,200,807	3,358	38.8	477,215
All Other Census Tracts	56,646	62.4	14,119,787	27,164	64.9	6,508,155	4,207	70.2	1,144,916	10,877	19.2	2,949,908	5,286	61.2	1,468,536
Applicant Sex															
Male	18,403	20.3	3,777,992	9,610	23.0	1,863,512	1,310	21.8	284,314	5,042	27.4	1,080,873	2,163	25.0	473,223
Female	14,580	16.1	2,316,601	7,964	19.0	1,205,442	1,097	18.3	182,911	3,759	25.8	620,645	1,597	18.5	269,342
Joint	39,989	44.1	8,742,662	22,189	53.0	4,665,837	3,263	54.4	812,163	9,745	24.4	2,146,426	4,170	48.2	948,759
NA	17,742	19.6	4,094,300	2,064	4.9	832,796	326	5.4	103,439	837	4.7	301,871	714	8.3	254,427
TOTAL	90,714	100.0	18,931,555	41,827	100.0	8,567,587	5,996	100.0	1,382,827	19,383	21.4	4,149,815	8,644	100	1,945,751

(1) Percent of Total Number of Applications

(2) Percent of Total Number of Originations

(3) Number of Denied Applications as a Percent of Number of Applications for line item

Source:1996 HMDA Peer : Western Region

Product is Originated - CFS

Assessment Area: South Central

Lender Market Share Reports

Rank	Loan ID	Lender Name	Loans	Share	Amount (\$000's)	Share	Amount (\$000's)
1	40000008551	American Savings Bnk	399	31.17	38,507	32.14	\$97
2	40000003742	Great Western Bank, A Fsb	138	10.78	11,297	9.43	\$82
3	40000006892	Home Savings Of America, F.a.	123	9.61	10,888	9.09	\$89
4	40000007046	Coast Federal Bank, Fsb	108	8.44	8,327	6.95	\$77
5	40000006717	World Savings And Loan Assoc	94	7.34	7,608	6.35	\$81
6	40000005099	California Federal Bank	83	6.48	7,930	6.62	\$96
7	40741878850	Temple-inland Mortgage Corpora	60	4.69	8,207	6.85	\$137
8	40000006189	Downey Savings & Loan Assoc	48	3.75	4,740	3.96	\$99
9	40000005251	Family Savings Bank, F s b	28	2.19	2,225	1.86	\$79
10	40000006051	Provident Savings Bank	25	1.95	2,998	2.50	\$120
11	40752544166	First Nationwide Mortgage Corp	20	1.56	1,797	1.50	\$90
12	40000001792	First Federal Bank Of Californ	17	1.33	2,326	1.94	\$137
13	40000008558	Bank United	17	1.33	1,701	1.42	\$100
14	40000005141	Broadway Federal Savings And L	17	1.33	1,342	1.12	\$79
15	40000003088	Glendale Federal Bank	14	1.09	1,300	1.08	\$93
16	40000001223	Lasalle Bank Fsb	12	0.94	1,160	0.97	\$97
17	40000007645	Western Financial Bank, F.s.b.	11	0.86	954	0.80	\$87
18	40000012642	World Savings Bank, Fsb	9	0.70	916	0.76	\$102
19	40000007184	Highland Federal Bank, Fsb	9	0.70	885	0.74	\$98
20	40000011968	Pan American Bank Fsb	9	0.70	868	0.72	\$96
21	40000002603	Federal Savings Bank	5	0.39	640	0.53	\$128
22	40000001235	Citibank F.s.b.	5	0.39	576	0.48	\$115
23	40000000161	Standard Federal Bank	4	0.31	409	0.34	\$102
24	40000008412	Flagstar Bank, Fsb	4	0.31	403	0.34	\$101
25	40000008561	First Nationwide Bank	4	0.31	105	0.09	\$26
26	40000005743	Virginia First Savings Bank	4	0.31	18	0.02	\$5
27	40000001275	Quaker City Federal Savings	3	0.23	306	0.26	\$102
28	40000001405	Pff Bank & Trust	2	0.16	250	0.21	\$125
29	40000007687	Del Amo Savings Bank, Fsb	2	0.16	199	0.17	\$100
30	40000000249	Regency Savings Bank	1	0.08	274	0.23	\$274
Subtotal of Top Lenders			1,275	99.61	119,156	99.44	\$93
All Lenders (35)			1,280	100.00	119,826	100.00	\$94

1. Rank is based on total number of loans and total \$ amount of loans made by each institution

Note: Validity Errors are included in the report

Summary Report Based on Action Taken

Source:1996 HMDA Peer : Western Region

All Applications

Assessment Area: South Central

Lenders: All Agency: OTS

Summary Report	Total Applications (1)			Originated (2)			Approved Not Accepted			Denied (3)			Withdrawn/Incomplete		
	Count	%	\$000's	Count	%	\$000's	Count	%	\$000's	Count	%	\$000's	Count	%	\$000's
Loan Purpose															
Conv't Home Purchase	1,069	32.7	105,230	511	39.9	47,721	47	29.0	5,080	229	21.4	24,752	130	34.2	12,969
Gov't Home Purchase	259	7.9	28,352	63	4.9	8,526	2	1.2	264	22	8.5	2,388	18	4.7	2,382
Refinance	1,704	52.1	163,956	639	49.9	57,267	106	65.4	9,819	552	32.4	59,407	212	55.8	20,312
Multifamily	62	1.9	10,505	29	2.3	4,432	0	0.0	0	14	22.6	2,865	6	1.6	1,484
Home Improvement	175	5.4	7,825	38	3.0	1,880	7	4.3	405	83	47.4	3,705	14	3.7	1,097
Applicant Race															
Amer Ind/Alaskan	5	0.2	302	2	0.2	168	0	0.0	0	2	40.0	107	1	0.3	27
Asian/Pacific Islander	17	0.5	1,755	7	0.5	572	2	1.2	178	4	23.5	512	4	1.1	493
Black	1,029	31.5	95,148	494	38.6	42,544	68	42.0	6,196	325	31.6	33,444	137	36.1	12,458
Hispanic	1,309	40.0	136,494	621	48.5	63,004	66	40.7	6,650	435	33.2	46,735	183	48.2	19,706
Race Not Available	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0
Other	18	0.6	1,527	7	0.5	599	0	0.0	0	10	55.6	892	1	0.3	36
Minority	2,378	72.7	235,226	1,131	88.4	106,887	136	84.0	13,024	776	32.6	81,690	326	85.8	32,720
White	187	5.7	18,176	88	6.9	7,618	8	4.9	1,015	65	34.8	6,517	26	6.8	3,026
No Info	704	21.5	62,466	61	4.8	5,321	18	11.1	1,529	59	8.4	4,910	28	7.4	2,498
Applicant Income															
<50% of MSA Median	357	10.9	25,011	144	11.3	8,488	18	11.1	1,318	120	33.6	10,341	69	18.2	4,659
50-79% of MSA Median	761	23.3	70,769	348	27.2	30,557	45	27.8	4,018	260	34.2	26,049	101	26.6	9,601
80-119% of MSA Median	872	26.7	92,082	405	31.6	42,134	60	37.0	6,233	301	34.5	32,479	104	27.4	11,015
>=120% of MSA Median	626	19.1	64,521	330	25.8	31,511	34	21.0	3,548	182	29.1	20,257	78	20.5	9,021
Income Not Available	653	20.0	63,485	53	4.1	7,136	5	3.1	451	37	5.7	3,991	28	7.4	3,948
Census Tract															
Substantially Minority	3,269	100.0	315,868	1,280	100.0	119,826	162	100.0	15,568	900	27.5	93,117	380	100.0	38,244
Not Substantially Minority	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0
Low Income	1,531	46.8	147,117	578	45.2	54,937	73	45.1	7,288	426	27.8	43,562	205	53.9	20,058
Moderate Income	1,423	43.5	135,596	568	44.4	52,136	75	46.3	6,939	392	27.5	39,919	143	37.6	14,541
Middle Income	272	8.3	28,083	113	8.8	10,169	12	7.4	1,196	70	25.7	8,169	29	7.6	3,226
Upper Income	43	1.3	5,072	21	1.6	2,584	2	1.2	145	12	27.9	1,467	3	0.8	419
NA	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0
Lo/Mod and/or Sbstntly	3,269	100.0	315,868	1,280	100.0	119,826	162	100.0	15,568	900	27.5	93,117	380	100.0	38,244
All Other Census Tracts	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0
Applicant Sex															
Male	799	24.4	76,799	374	29.2	33,846	43	26.5	4,090	266	33.3	27,132	112	29.5	11,287
Female	679	20.8	60,099	348	27.2	29,308	44	27.2	3,912	198	29.2	18,748	87	22.9	7,951
Joint	1,149	35.1	121,573	520	40.6	53,097	66	40.7	6,793	401	34.9	44,453	159	41.8	16,949
NA	642	19.6	57,397	38	3.0	3,575	9	5.6	773	35	5.5	2,784	22	5.8	2,057
TOTAL	3,269	100.0	315,868	1,280	100.0	119,826	162	100.0	15,568	900	27.5	93,117	380	100	38,244

(1) Percent of Total Number of Applications

(2) Percent of Total Number of Originations

(3) Number of Denied Applications as a Percent of Number of Applications for line item.